

**Prepared Statement of
Commissioner John F. Lehman and Commissioner Bob Kerrey
National Commission on Terrorist Attacks Upon the United States
before the House Government Reform Committee
August 3, 2004**

Chairman Davis, Ranking Member Waxman, Vice Chair Shays, Members of the Committee: It is a great honor to appear before you today, to begin testimony in the House of Representatives on behalf of the recommendations in the final report of the 9/11 Commission.

We commend you for your strong leadership in convening this hearing. We also commend the leadership in the House on both sides of the aisle, for the alacrity with which the House is taking up the Commission's recommendations. Like you, we share a sense of urgency. The United States government must take all the steps it can to disrupt and defeat the terrorists, and protect against and prepare for terrorist attacks.

Yesterday the President announced support for several of the Commission's recommendations. His announcements are an important step in the process of reorganizing the U.S. government for a new era.

We welcome his support and his action to establish a National Intelligence Director and National Counterterrorism Center, which were two priority recommendations for the Commission.

We look forward to discussions with the Administration and with Congress about the substance of these ideas. The President has stated some of his goals for that process. The fate of these reform ideas turns vitally on the specifics. We will address some of these specifics in our statement.

We also welcome Senator Kerry's unequivocal endorsement of the Commission's recommendations.

Above all, we welcome renewed evidence of a common purpose uniting our nation's leaders. They agree that we need new institutions for a new era. They agree the Executive Branch and the Congress need vital reforms. They agree on

some of the basic goals for those reforms.

Now we must convert common purpose to common action.

What to do—and how to do it

The Commission's recommendations were in two parts: what to do—a global strategy in three parts; and how to do it—reorganizing the government so that it can effectively implement the strategy with unity of effort.

With respect to “what to do,” our recommendations to address the transnational danger of Islamist terrorism rest on three policies, to:

- attack terrorists and their organizations;
- prevent the continued growth of Islamist terrorism; and
- protect and prepare for terrorist attacks.

The long term success of our efforts demands the use of all elements of national power: diplomacy, intelligence, covert action, law enforcement, economic policy, foreign aid, public diplomacy, and homeland defense. If we favor one tool while neglecting others, we leave ourselves vulnerable and weaken our national effort.

Our recommendations about “what to do” encompass many themes: foreign policy, public diplomacy, border security, transportation security, the protection of civil liberties, and setting priorities for national preparedness. We also make several recommendations about “how to do it”—how to organize the United States government to address the new national security threat of transnational terrorism.

We recommend some important institutional changes. We will articulate and defend those proposals. But we believe reorganizing governmental institutions is only a part of the agenda before us.

Some of the saddest aspects of the 9/11 story are the outstanding efforts of so many individual officials straining, often without success, against the boundaries of the possible. Good people can overcome bad structures. They should not have to.

We have the resources and the people. We need to combine them more effectively, to achieve unity of effort. This morning, we will address several major recommendations on how the Executive branch can work better to:

- unify strategic intelligence and operational planning against Islamist terrorists across the foreign-domestic divide with a National Counterterrorism Center;
- unify the intelligence community with a new National Intelligence Director;
- unify the many participants in the counterterrorism effort and their knowledge in a network-based information sharing system that transcends traditional national boundaries; and
- unify our national effort by strengthening the ability of the FBI and homeland defenders to carry out the counterterrorism mission.

We will address each of these in turn.

The National Counterterrorism Center

Our report details many unexploited opportunities to disrupt the 9/11 plot: failures to watchlist, failures to share information, failure to connect the dots. The story of Hazmi and Mihdhar in Kuala Lumpur in January 2000 is a telling example. We caught a glimpse of the future hijackers, but we lost their trail in Bangkok. Domestic officials were not informed until August 2001 that Hazmi and Mihdhar had entered the United States. Late leads were pursued, but time ran out.

In this and in other examples, we find that no one was firmly in charge of managing the case. No one was able to draw relevant intelligence from anywhere within the government, assign responsibilities across the agencies (foreign or domestic), track progress and quickly bring problems forward so they could be resolved. No one was the quarterback. No one was calling the play. No one was assigning roles so that government agencies could execute as a team.

We believe the solution to this problem rests with the creation of a new institution, the National Counterterrorism Center. We believe, as Secretary Rumsfeld told us, that each of the agencies needs to “give up some of their existing turf and authority in exchange for a stronger, faster, more efficient government wide joint effort.” We therefore propose a civilian-led unified joint command for counterterrorism. It would combine intelligence (what the military calls the J-2

function) with operational planning (what the military calls the J-3 function) in one agency, keeping overall policy direction where it belongs, in the hands of the President and the National Security Council.

We consciously and deliberately draw on the military model, the Goldwater-Nichols model. We can and should learn from the successful reforms in the military two decades ago. We want all the government agencies that play a role in counterterrorism to work together in a unified command. We want them to work together as one team in one fight against transnational terrorism.

The National Counterterrorism Center would build on the existing Terrorist Threat Integration Center, and replace it and other terrorism “fusion centers” within the government with one, unified center.

The NCTC would have tasking authority on counterterrorism for all collection and analysis across the government, across the foreign-domestic divide. It would be in charge of warning.

The NCTC would coordinate anti-terrorist operations across the government, but individual agencies would execute operations within their competences.

The NCTC, as we propose it, would be in the Executive Office of the President. Its chief would have control over the personnel assigned to the Center, and must have the right to concur in the choices of personnel to lead the operating entities of the departments and agencies focused on counterterrorism, specifically the top counterterrorism officials at the CIA, FBI, Defense and State Departments. The NCTC chief would report to the National Intelligence Director.

We appreciate that this is a new and difficult idea for those of us schooled in government of the 20th century. We won the Second World War and the Cold War because the great departments of government—the State Department, the Defense Department, the CIA, and the FBI—were organized against clear nation-state adversaries. Today, we face a transnational threat. That threat respects no boundaries, and makes no distinction between foreign and domestic. The enemy is resourceful, flexible and disciplined. We need a system of management that is as flexible and resourceful as is the enemy. We need a system that can bring all the resources of government to bear on the problem—and that can change and respond as the threat changes. We need a model of government that meets the

needs of the 21st century. We believe the National Counterterrorism Center meets that test.

The National Intelligence Director

As part of the 9/11 story, we spent a very considerable time looking at the performance of the Intelligence Community. We identified at least six major problems confronting the Intelligence Community that became apparent in 9/11 and still continue today.

First, there are major structural barriers to the performance of joint intelligence work. National intelligence is still organized around the collection disciplines of the home agencies, not the joint mission. The importance of integrated, all-source analysis cannot be overstated. Without it, it is not possible to “connect the dots.”

Second, there is a lack of common standards and practices across the foreign-domestic divide for the collection, processing, reporting, analyzing and sharing of intelligence.

Third, there is divided management of national intelligence capabilities, between the Director of Central Intelligence and the Defense Department.

Fourth, the Director of Central Intelligence has a weak capacity to set priorities and move resources.

Fifth, the Director of Central Intelligence now has at least three jobs—running the CIA, running the Intelligence Community, and serving as the President Chief Intelligence Adviser. No one person can perform all three.

Finally, the Intelligence Community is too complex, and too secret. Its 15 agencies are governed by arcane rules, and all of its money and nearly all of its work is shielded from public scrutiny.

We come to the recommendation of a National Intelligence Director not because we want to create some new “czar” or a new layer of bureaucracy to sit atop the existing bureaucracy.

We come to this recommendation because we see it as the only way to effect what

we believe is necessary: a complete transformation of the way the Intelligence Community does its work.

A chart of our proposed organization is in front of you. It is on page 413 of the report; it is also attached here. Unlike most charts, what is most important on this chart is not the top of the chart, it is the bottom.

We believe that the Intelligence Community needs a wholesale Goldwater-Nichols reform of the way it does business. The collection agencies should have the same mission as the Armed Services do: they should organize, train and equip their personnel. Those intelligence professionals, in turn, should be assigned to unified joint commands, or in the language of the Intelligence Community, “National Intelligence Centers.” We have already talked about a National Counterterrorism Center. A National Intelligence Center on WMD and proliferation, for example, would bring together the imagery, signals, and HUMINT specialists, both collectors and analysts, who would work together jointly on behalf of the mission. All the resources of the community would be brought to bear on the key intelligence issues as identified by the National Intelligence Director.

So, when we look at the chart from the bottom up, we conclude you cannot get the necessary transformation of the Intelligence Community—smashing the stovepipes and creating joint mission centers—unless you have a National Intelligence Director.

The National Intelligence Director needs authority over all intelligence community elements, including authority over personnel, information technology and security. Appropriations for intelligence should come to him, and he should have the authority to reprogram funds within and between intelligence agencies.

The National Intelligence Director would create, and then oversee, the joint work done by the intelligence centers.

He would be in the Executive Office of the President, and would have a small staff—an augmented Community Management Staff.

He would not be like other “czars” who get the title but have no meaningful authority. The National Intelligence Director would have real authority. In our proposal, he will control National Intelligence Program purse strings. He will have

hire and fire authority over agency heads in the Intelligence Community. He will control the information technology. He will set the protocols for security. He will have real “troops,” as the National Counterterrorism Center and all the Joint Mission Centers would report to him.

We have concluded that the Intelligence Community isn’t going to get its job done unless somebody is in charge. That is just not the case now, and we paid the price: information wasn’t shared, agencies didn’t work together. We have to—and can—do better as a government.

To underscore again, we support a National Intelligence Director not for the purpose of naming another Chief to sit on top of all the other Chiefs. We support the creation of this position because it is the only way to catalyze transformation in the Intelligence Community, and manage a transformed Community afterward.

Unity of Effort in Sharing Information

What we learned in the 9/11 story is that the U.S. government has access to a vast amount of information. But the government has weak systems for processing and using the information it possesses, especially across agency lines. Agencies live by the “need to know” rule and refuse to share. Each agency has its own computer system and its own security practices, outgrowths of the Cold War. In the 9/11 story we came to understand the huge costs of failing to share information across agency boundaries. Yet, in the current practices of government, security practices encourage over-classification. Risk is minimized by slapping on classification labels. There are no punishments for *not* sharing information.

We believe that information procedures across the government need to be changed, to provide incentives for sharing.

We believe the president needs to lead a government-wide effort to bring the major national security institutions into the information revolution. The president needs to lead the way and coordinate the resolution of the legal, policy and technical issues across agency lines so that information can be shared.

The model is a decentralized network. Agencies would still have their own databases, but those databases would be searchable across agency lines. In this system, secrets are protected through the design of the network that controls access

to the data, not access to the network.

The point here is that no single agency can do this alone. One agency can modernize its stovepipe, but cannot design a system to replace it. Only presidential leadership can develop the necessary government-wide concepts and standards.

Strengthening the FBI

The other major reform we want to recommend to you this morning concerns the FBI.

We do not support the creation of a new domestic intelligence collection agency. We believe creating such an agency is too risky to civil liberties, would take too long, cost too much money, and sever the important link between the criminal and counterterrorism investigative work of the FBI.

We believe Director Mueller is undertaking important reforms. We believe he is moving in the right direction.

What is important at this time is strengthening and institutionalizing FBI reforms, and that is what we are recommending.

What the FBI needs is a specialized and integrated national security workforce, consisting of agents, analysts, linguists and surveillance specialists.

These specialists need to be recruited, trained, rewarded and retained to ensure the development of an institutional culture with deep expertise in intelligence and national security.

We believe our other proposed reforms – the creation of a National Counterterrorist Center and the creation of a National Intelligence Director– will strengthen and institutionalize the FBI's commitment to counterterrorism and intelligence efforts. The NCTC and the NID would have powerful control over the leadership and budgets of the Counterterrorism Division and Office of Intelligence respectively. They would be powerful forces pressing the FBI to continue with the reforms Director Mueller has instituted.

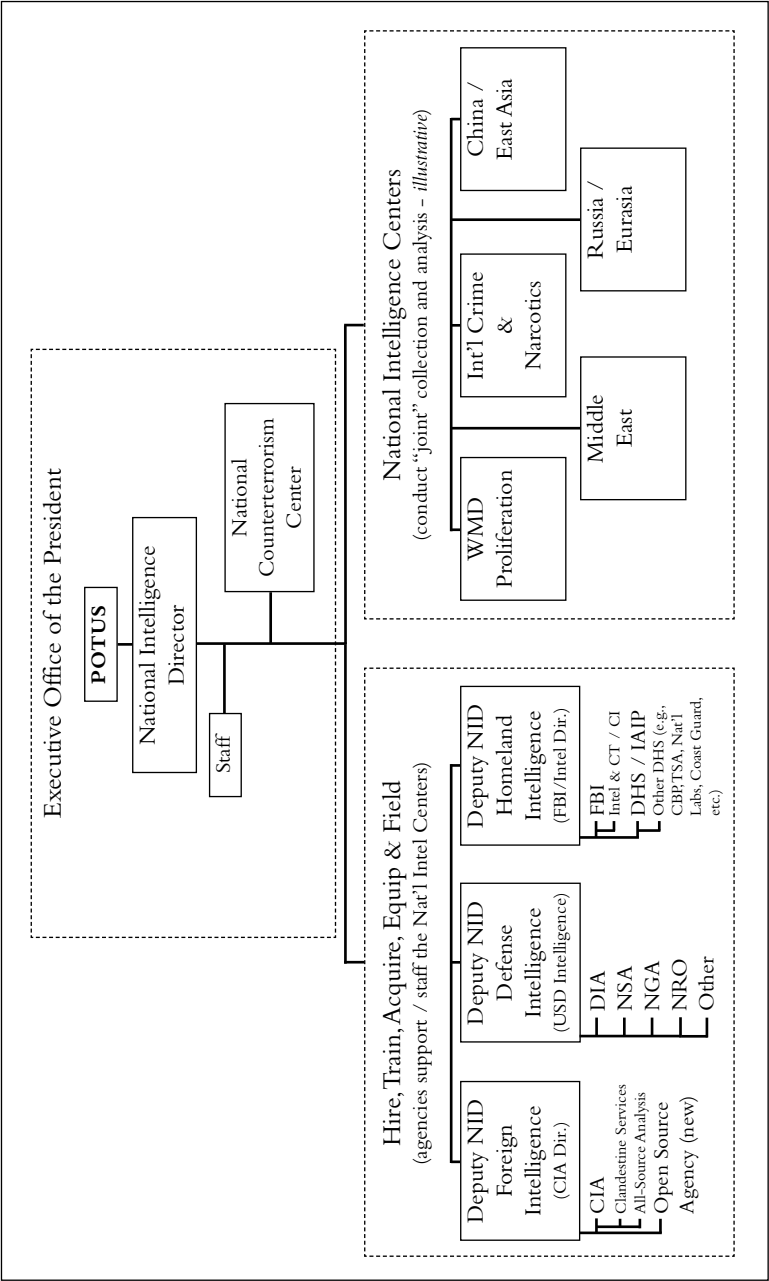
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Taken together, we believe these reforms within the structure of the Executive branch, together with reforms in Congress, and the many recommendations we have proposed for foreign policy, public diplomacy, border and transportation security, the protection of civil liberties, and setting priorities for national preparedness – can make a significant difference in making America safer and more secure.

We believe that reforms of executive branch structures, in the absence of implementing the other reforms and recommendations in our report, will have significantly less value than the value of these reforms as a complete package.

While we welcome each step toward implementation of our recommendations, no one should be mistaken in believing that solving structural problems in the executive branch addresses completely, or even satisfactorily, the current terrorist threat we face.

With these watchwords, we will close. We would be pleased to respond to your questions.



Unity of Effort in Managing Intelligence